

A long and winding road

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Fixing regional governance in North East England

ANTECEDENTS

The search for a fix for the problem of regional governance in North East England goes far back into the 20th century. As the region's basic industries entered a severe crisis in the inter-war period, existing governing arrangements were seen as inadequate for the task of forging a new economic future. An early intervention came from the diplomat, Conservative politician and bearer of a great Northumbrian name, Lord Eustace Percy, who raised the notion of regionalism as a means to deal with the economic crisis. He argued:

“The time may come when this Northern Province will find in a regional council the solution of some of those social problems which have baffled our statesmanship during recent years.”¹

Various proposals for regional government were aired in the post-war period,² notably under the Wilson governments, which included an economic planning council in a bid to ‘modernise’ the economy and which some saw as a precursor to more thoroughgoing regional government.³ The introduction of an intermediate tier between the national and local levels of government was a response to the decline of coalmining and shipbuilding, but also to meet the promise of economic growth on Teesside, driven then by the expansion of the chemicals industry.⁴ Later, fear of the prospects for and consequences of Scottish devolution in the late 1970s, in the face of generalised and deepening deindustrialisation, led North East Labour MPs to play a central role in the parliamentary opposition to legislative proposals for a Scottish assembly.⁵ During the Thatcher years, the idea of a northern assembly was debated in the regional Labour party, although there were few detailed proposals. Based on the provisions of the Millan Commission, the Blair government, under John Prescott, brought forward plans for elected regional assemblies in England. A proposal to create a directly elected North East assembly was defeated in a referendum in 2004, and seemed to put paid to the idea of devolution to the region. Blair himself was undisposed to the idea of regional government⁶ and the proposition that was put to the electorate was weak and confused in terms of its structure, powers and resources. Moreover, opposition to devolution rested on an emerging hostility to politicians and politics as a solution to social and economic problems, which was loudly echoed in the Brexit referendum in the following decade.⁷ Lacking powers and

1 Percy E (1939) ‘Introduction’ in Headlam C (ed), *The Three Northern Counties of England*, Northumberland Press: xi–xiii

2 Pike A and Tomaney J (2024) ‘The governance of regional policy’ in Martin R (ed), *Lessons from the History of Regional Development Policy?*, British Academy

3 Smith TD (1970) *An Autobiography*, Oriol Press

4 Northern Economic Planning Council (1966) *Challenge of the Changing North: A preliminary study*, HMSO

5 Guthrie R and McLean I (1978) ‘Another part of the periphery: reactions to devolution in an English development area’, *Parliamentary Affairs*, 31(2): 190–200. <https://doi.org/10.1093/oxfordjournals.pa.a054253>

6 See the comments of Ed Balls at: <https://sites.harvard.edu/uk-regional-growth/directory/john-tomaney/?cp-dir-id=101>

7 Sandford M (ed) (2009) *The Northern Veto*, Manchester University Press

resources to address the region's plight in a highly centralised political system in England, obvious unanswered questions about how best to manage economic regeneration in the North East remained.

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By the beginning of 2024, devolution had taken the form of two mayoral combined authorities, albeit created under legislation passed by Labour in 2009 (the Local Democracy, Economic Development and Construction Act 2009), and these have reshaped the governance of the North East. The most recent North East Mayoral Combined Authority restored the arrangements between the seven local authorities in the region, following the interim North of Tyne Combined Authority comprising only of Newcastle, Northumberland and North Tyneside. The route to this outcome was long and winding, however, and their powers and resources highly constrained following negotiated settlements with national government. Paradoxically, given Labour's long association with devolution, these mayoralities had been created by a Conservative government and in 2024 neither incumbent represents Labour. The unfolding of devolution in North East since 2016 has been embroiled with broader claims about “political realignment”, the “collapse of the Red Wall”, “levelling up” and the pros and cons of the mayoral model of government.⁸ Much of the impetus for devolution after 2016 came from a Conservative desire to make political inroads into Labour heartlands.

TEES VALLEY

A Tees Valley Combined Authority (TVCA) was established in 2016 under the provisions of the 2009 Act to cover 700,000 people in five unitary authorities: Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. The creation of a separate combined authority for Teesside spoke to tensions in the 2004 devolution proposals, which some saw as leading to a region dominated by Newcastle, and the need to avoid reinstating the North East regional institutional structures from the New Labour era, which the coalition government abolished at the outset of austerity from 2010. The Conservative government pushed strongly for the arrangement as a means to local power in a Labour heartland. The first mayoral election took place in 2017. A turnout of 21.3 per cent saw the Conservative candidate, Ben Houchen, win 51 per cent of the vote. Houchen was re-elected in 2021, on an increased turnout of 34 per cent, and with 73 per cent of the vote. Houchen's victory was widely interpreted as signalling the broader ‘collapse of the Red Wall’ and the realignment of the electorate.

Houchen pursued an avowedly Johnsonian ‘levelling up’ agenda based on an interventionist state and manifesting national agendas locally by channelling post-Brexit ‘Global Britain’ ambitions and creating a ‘freeport’ on the banks of the Tees. While this was sold as a radical departure in regional policy, in fact it mimics a longstanding approach to physical regeneration and the attraction of foreign direct investment. Houchen eschewed any pretence of building a broad coalition of support for his plans, reducing the likelihood of them surviving his loss of office. Moreover, the Teesside story has become mired in controversy about the accountability and openness of the mayor and the secrecy involved in the complex array of organisations and private sector relationships established to deliver his policies.⁹ Following local political scrutiny and press exposure, this situation culminated in an independent

8 Payne S (2021) ‘Tories’ red wall shows no signs of crumbling on Teesside’, *Financial Times*, 3 May 2021. <https://www.ft.com/content/e8fb3676-b4df-499c-a289-168dc580891c>; Tomaney J (2016) ‘Limits of devolution: localism, economics and post-democracy’, *The Political Quarterly*, 87(4): 546–552; Tomaney J and Pike A (2020) ‘Levelling up?’, *The Political Quarterly*, 91(1): 43–48

9 Williams J (2023) ‘Trouble in Teesside: a Tory rising star and a divisive property deal’, *Financial Times*, 15 May 2023. <https://www.ft.com/content/c5c6a3f7-33ea-4973-9b40-d7088470cbb2>

governance review, which, after several delays, the government published in early 2024. This catalogued an insufficiency of transparency and oversight and an inability to evidence value for money.¹⁰ Houchen remained the Conservative candidate in the May 2024 mayoral election. Despite the controversies surrounding his term in office and the national swing against the Conservatives, the advantages of incumbency and a low-wattage Labour campaign mean his chances of re-election cannot not be ruled out.

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FROM THE NORTH OF TYNE ...

In the 2017 Budget, the Conservative government announced that it was “minded” to support a devolution deal for the ‘North of Tyne’ (NoT), covering the 816,000 people in the local authorities of Newcastle, North Tyneside and Northumberland. The deal offered £20 million per year ‘investment funding’ but required an elected metro-mayor to chair a combined authority of the three councils. The NoT deal replaced a deal offered in 2015, covering the wider North East region – Durham, Northumberland and Tyne and Wear. The original devolution deal failed because local authorities could not agree among themselves a funding deal with central government and to the stipulation that it should include a directly elected metro-mayor.

The NoT made little sense in economic or geographical terms, cutting off important elements of the functional economic region, and was even a misnomer as one of the principal settlements in Northumberland – Hexham – is located south of the Tyne. Defenders of the arrangement in the ruling Labour parties in Newcastle and North Tyneside argued that, replicating the playbook of devolution in England, anything was better than nothing and should be accepted and built upon. Critics pointed to the risks of overselling the potential of a small and underpowered authority.¹¹ The Conservatives saw the deal as opening promising additional political terrain in a Labour heartland. Two rural Northumberland constituencies – Hexham and Berwick – were Conservative controlled at the time. Northumberland County Council was also Conservative controlled. Parts of North Tyneside had a strong Tory vote, and the council had a directly elected Conservative mayor previously, prefiguring the ‘collapse of the Red Wall’.

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The NoT mayoral election was held in May 2019 and garnered a turnout of 32 per cent. The winning Labour candidate, Jamie Driscoll, won only 33.9 per cent of the votes in the first round under the supplementary voting system. This relatively poor performance prefigured the broader weakness of the Labour vote in the region in the general election later that year. Driscoll’s candidacy attracted some national attention because as a member of Momentum, he symbolised the rising influence of the Corbyn Left in the party and was described as “the most powerful

10 Department for Levelling Up, Housing and Communities (2024) *Independent Review Report: South Tees Development Corporation and Teesworks Joint Venture*, GOV.UK. <https://www.gov.uk/government/publications/independent-review-report-south-tees-development-corporation-and-teesworks-joint-venture>; Williams J (2024) ‘Teesworks inquiry raises questions on governance in England’s devolved regions’, *Financial Times*, 2 February 2024. <https://www.ft.com/content/840bbcd3-fb56-4c63-8f7d-0794db458736>

11 Tomanej J (2018) ‘A mess of pottage? The North of Tyne deal and the travails of devolution’, LSE British Policy and Politics blog, 4 January 2018. <https://blogs.lse.ac.uk/politicsandpolicy/the-north-of-tyne-deal-and-the-travails-of-devolution>

Corbynista in Britain”.¹² In practical terms, once he was elected, it was hard to see evidence of a Corbynista agenda, with policies following fairly conventional lines and hardly capturing the public imagination.

... TO NORTH EAST ENGLAND

By December 2022, agreement had been reached on a North East Devolution Deal to come into effect in May 2024, bringing together local authorities in Durham, Northumberland and Tyne and Wear (Gateshead, Newcastle upon Tyne, North Tyneside, South Tyneside and Sunderland), covering around 2 million people.¹³ The new combined authority was allocated a proposed budget of approximately £50 million per year, reflecting the larger population. Some local authority leaders were open in their scepticism about the deal,¹⁴ but a new directly elected mayor is to govern the region following an election in May 2024. The extent to which local voters have grasped this fact and its implications is hard to gauge.

During the selection process for the Labour candidate, Jamie Driscoll, the incumbent mayor of the NoT, was excluded from the shortlist by Labour nationally, for reasons that have never been made public, but reflected Keir Starmer's effort to marginalise the Corbynite Left. The Labour nomination went to Kim McGuinness, the incumbent police and crime commissioner for Northumbria. Driscoll announced his resignation from the Labour party and his decision to stand as an independent, giving the election campaign a pinch of spice that it otherwise might have lacked. Aditya Chakraborty suggested that: “The ending of his political career has done more for his national profile than four years in office”.¹⁵ The introduction of a first-past-the-post voting system, splits within parties, a confusing governance reform and a seemingly disinterested electorate makes it tricky to predict the outcome of the election. Driscoll has sought to present himself as the “incumbent outsider”,¹⁶ but faces a Labour surge in the national polls and a struggle to reach beyond the already converted.

RESULTS AND PROSPECTS

This paper has attempted to provide a narrative of recent moves toward devolution in North East England, situating them in a longer history. In its various conceptions over nearly a century, devolution has promised solutions to endemic and longstanding social and economic problems. But, as IPPR North's *State of the north 2024* report showed, there is a widening gap between the region and London and the South East.¹⁷ Slow progress to limited governance reform occurred alongside worsening deprivation. The most recent detailed estimates for child poverty levels after housing costs in the North East, published in June 2023, showed that in 2021/22, almost 190,000 babies, children and young people across the North East (35 per cent) were living below the poverty

12 Chakraborty A (2019) ‘Newcastle can be the capital of a new, radical British politics’, *The Guardian*, 19 April 2019. <https://www.theguardian.com/commentisfree/2019/apr/19/newcastle-radical-metro-mayor-corbynista>

13 Department for Levelling Up, Housing and Communities (2022) ‘North East devolution deal’, GOV.UK website. <https://www.gov.uk/government/publications/north-east-devolution-deal-2/north-east-devolution-deal>

14 Holland D (2023) “‘Not a good deal’ – tensions as council leader claims North East “forced” into £4.2bn devolution package’, *Evening Chronicle*, 4 January 2023. <https://www.chroniclelive.co.uk/news/north-east-news/north-east-forced-devolution-deal-25894558>

15 Chakraborty A (2023) ‘Notes on a scandal: this is how Starmer's bullies took out Jamie Driscoll – and why it matters’, *The Guardian*, 8 June 2023. <https://www.theguardian.com/commentisfree/2023/jun/08/jamie-driscoll-labour-keir-starmer-north-of-tyne-mayor>

16 Clark T (2024) ‘Jamie Driscoll: it's not any other candidate I'm up against. It's inertia’, *Prospect*, April. <https://www.prospectmagazine.co.uk/views/people/64982/jamie-driscoll-its-not-any-other-candidate-im-up-against-its-inertia>

17 Johns M, Marshall J, Myer L, Hebden P, Swift R and Billingham Z (2024) *State of the north 2024: Charting the course for a decade of renewal*, IPPR North. https://ippr-org.files.svcdcn.com/production/Downloads/State_of_the_north_2024_Mar24_2024-02-22-154025_rfv.pdf

line – an increase of around 51,000 since 2014/15, the steepest rise in the UK. Out of the North East's 29 Westminster constituencies, 21 have more than one in three children living below the poverty line. High levels of poverty exist alongside accumulating health problems.¹⁸ There are many ways to demonstrate these problems, but one telling statistic is that the North East has the highest suicide rate in the UK – twice the rate of London, a barely spoken-about public health crisis that leaves untold devastation.¹⁹ The North East also contains more than its fair share of places 'left behind' by decades of deindustrialisation and globalisation. As new governance systems evolve, these are the challenges they must face.

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¹⁸ North East Child Poverty Commission (2023) 'Facts & figures', North East Child Poverty Commission website. <https://www.nechildpoverty.org.uk/facts>

¹⁹ Office for National Statistics (2022) 'Suicides in England and Wales: 2021 registrations', GOV.UK website. <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/suicidesintheunitedkingdom/2021registrations>